Opening Statement of the Honorable Fred Upton
Subcommittee on Commerce, Manufacturing, and Trade
Hearing on "The U.S. – E.U. Free Trade Agreement: Tipping Over the Regulatory Barriers"
July 24, 2013

(As Submitted for the Record)

Earlier this month, the United States and the European Union held the first round of negotiations on what we all hope is the first step toward achieving an historic trade agreement: the Transatlantic Trade and Investment Partnership. This has the potential to be the most comprehensive bilateral agreement ever developed, addressing non-tariff impediments in ways never previously attempted.

We have a long and valuable relationship with our European allies. These ties have created great cooperation on many fronts and led to a flourishing trade relationship. Together we account for almost half of world GDP and world trade. And as investment partners, there is no greater bilateral relationship than between the U.S. and the EU: we are the largest single recipient of EU foreign direct investment and we are the largest source of foreign investment in the EU.

The benefits of this trade partnership cannot be overstated: additional jobs, income, and economic growth on an annual basis going forward - something both sides desperately need. U.S. job creators like the Big Three automakers in Michigan have the potential to make significant gains. And Congress doesn't have to appropriate a penny to reap the potential rewards.

We are all hopeful of achieving the most ambitious trade agreement possible. The sheer size of our bilateral trade and investment with the EU means that any significant progress to cut regulatory costs and bureaucracy, reduce market access barriers, and eliminate tariffs will translate into positive economic growth for both sides of the agreement.

To achieve our shared goal, we need to work together. Both sides agree we have different, but mature regulatory regimes, which, in most cases, attain equivalent outcomes. Unfortunately, the outright elimination of regulations is a lot more difficult than eliminating tariffs; however, we can and should reduce the costs of these dual regulations.

In our federalist system, different (even incompatible) state regulations exist yet we do not allow them to impede interstate commerce. For example, states can and do regulate auto safety inspections for vehicles registered in their state in different ways and under different timelines, but it would be counterproductive if states were able to block residents of other states from traveling across sate borders unless they complied with the exact standards of the visiting state. We wouldn't stand for it. So if we allow recognition of different state standards, there is no reason we can't find a way to similarly work with the EU to harmonize or recognize each other's standards to avoid duplicative and costly regulations designed to achieve the same goals.

We have a distinguished panel of witnesses today who can elaborate on the real costs of trade barriers. They also know how reducing those costs will benefit more than just the individual companies and industries. It will provide all of our citizens with a more prosperous future. It is our job to ensure they are not denied that opportunity.

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